

Message Text

UNCLASSIFIED

PAGE 01 WINNIP 00326 01 OF 02 111926Z

71

ACTION EUR-12

INFO OCT-01 ISO-00 L-03 EB-07 COME-00 AGR-10 CIAE-00

DODE-00 INR-07 NSAE-00 PA-02 USIA-15 PRS-01 SP-02 H-02

OES-06 INT-05 TRSE-00 OMB-01 /074 W

----- 089388

R 111815Z AUG 76

FM AMCONSUL WINNIPEG

TO AMEMBASSY OTTAWA

INFO SECSTATE WASHDC 1680

AMEMBASSY MOSCOW

AMCONSUL TORONTO

UNCLAS SECTION 1 OF 2 WINNIPEG 0326

E.O. 11652: N/A

TAGS: EMIN, EINV, CA, UR

SUBJ: SASKATCHEWAN POTASH: EDITORIAL COMMENT

REF: A - OTTAWA 2750 (NOTAL),

B - STATE 172772 (NOTAL).

1. IN AUGUST 7 EDITION OF REGINA LEADER-POST, OTTAWA CORRESPONDENT FRED HARRISON HAD FOLLOWING ARTICLE ENTITLED 'LOUD NOISES ARE DIMINISHING IN POTASH ROW' WITH SUB HEADING 'BUT US SCARE STORIES MAY CONTINUE'.

2. ARTICLE BEING POUCHED, BUT MAIN EXERPTS FOLLOW:

' --- OTTAWA - A MESSAGE TO ALL THOSE NERVOUSLY WAITING FOR THE UNITED STATES TO DO ITS WORST IN RETALIATION OVER SASKATCHEWAN'S POTASH POLICY: RELAX. AFTER SIX MONTHS OF FUSSING AND FUMING OVER THE MATTER, THAT TINY FACTION IN WASHINGTON, DC WHICH KNOWS THE DIFFERENCE BETWEEN POTASH AND POT-AU-FEU
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 WINNIP 00326 01 OF 02 111926Z

HAS LARGELY GONE ON TO OTHER ISSUES.'

' --- AS ONE SUCH OFFICIAL SAID RECENTLY, THE SENATE, THE US STATE DEPARTMENT AND THE AGRICULTURE DEPARTMENT HAVE HAD THEIR SAY - THEY'RE AGAINST THE POLICY - AND THERE IS REALLY NOTHING MORE FOR THEM TO DO.

THE SENATE'S POTASH RESOLUTION WAS AT LEAST PARTLY PASSED 'TO MAKE PEOPLE THINK YOU'RE DOING SOMETHING WHEN IT'S BASICALLY INAPPROPRIATE TO BE MESSING' WITH THE ISSUE, THE OFFICIAL SAID.

IT WAS A RESPONSE PRIMARILY TO INDUSTRY PRESSURE. ONE OF THE OBJECTORS, FOR EXAMPLE, WAS A PRODUCER CO-OPERATIVE BY NAME OF GOLDKIST, WHICH IS BASED IN GEORGIA, HOME STATE OF SENATOR HERMAN TALMADGE, CHAIRMAN OF THE SENATE AGRICULTURE COMMITTEE.'

' --- A TEMPORARY SHORTAGE CAUSED IN THE UNLIKELY EVENT OF MARKET MANIPULATION BY THE SASKATCHEWAN GOVERNMENT WOULD PROBABLY NOT POSE MANY PROBLEMS. POTASH IS WHAT IS KNOWN AS A 'LONGER-LIFE' NUTRIENT, WHICH MEANS IT IS THE CLOSEST THING TO A DESIRABLE LUXURY AMONG THE THREE BASIC TYPES OF CHEMICAL FERTILIZER.'

' --- SO IT HAS BEEN LEFT TO THE INDUSTRY, ITS LOBBYISTS AND ITS FRIENDS IN POLITICS TO MAKE LOUD NOISES ABOUT THE MATTER. THE RESULT HAS BEEN SCARE STORIES LIKE THE ONE THREE WEEKS AGO PUBLISHED IN A NUMBER OF CANADIAN NEWS-PAPERS WHICH QUOTED EDWIN WHEELER, PRESIDENT OF THE FERTILIZER INSTITUTE, AS SAYING CANADA IS NOW IN DANGER OF LOSING AS MUCH AS ONE-THIRD OF ITS AMERICAN POTASH MARKET. HE BASED HIS SPECULATION ON WORK GOING ON NOW TO EXPAND AMERICAN POTASH PRODUCTION. HOWEVER, IN AN INTERVIEW THIS WEEK, MR WHEELER SAID THE COMPANIES NOW INVESTIGATING ORE BODIES IN MONTANA AND WYOMING HAVE NOT REVEALED THE RESULTS OF THEIR CORE TESTING. ONE MIGHT WELL ASK HOW MR WHEELER WOULD KNOW HOW MUCH U.S. PRODUCTION MAY BE EXPANDED. '

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 WINNIP 00326 01 OF 02 111926Z

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 WINNIP 00326 02 OF 02 111928Z

71

ACTION EUR-12

INFO OCT-01 ISO-00 L-03 EB-07 COME-00 AGR-10 CIAE-00

DODE-00 INR-07 NSAE-00 PA-02 USIA-15 PRS-01 SP-02 H-02

OES-06 INT-05 TRSE-00 OMB-01 /074 W

----- 089405

R 111815Z AUG 76

FM AMCONSUL WINNIPEG

TO AMEMBASSY OTTAWA

INFO SECSTATE WASHDC 1681

AMEMBASSY MOSCOW

AMCONSUL TORONTO

UNCLAS SECTION 2 OF 2 WINNIPEG 0326

' ---THERE IS SAID TO BE ANOTHER DANGER TO
SASKATCHEWAN'S U.S. MARKET. THERE HAVE BEEN SOME
REPORTS OF AMERICAN NEGOTIATIONS WITH THE SOVIET
UNION FOR THE PURCHASE OF ITS POTASH.

IT SHOULD ALSO BE STRESSED THE ONE CURRENT
AGREEMENT INVOLVING ACQUISITION OF SOVIET POTASH
FOLLOWS NEGOTIATIONS WHICH BEGAN LONG BEFORE THE
SASKATCHEWAN GOVERNMENT ANNOUNCED ITS NEW POLICIES.
THAT DEAL, INCIDENTALLY, IS A BARTER ARRANGEMENT
INVOLVING OCCIDENTAL PETROLEUM.
OTHER COMPANIES ARE NOW LINING UP TO DEAL WITH THE
SOVIETS BUT IT REMAINS TO BE SEEN WHETHER SASKATCHEWAN'S
ADVANTAGES - THE HIGHEST-QUALITY ORE IN THE WORLD AND
PROXIMITY TO THE MARKET - CAN BE OVERCOME BY MOSCOW'S
TRADERS.'

' --- THERE ARE, IN FACT, TWO THREATS FACING THE
PROVINCIAL POTASH POLICY, NEITHER OF THEM HAVING MUCH,
IF ANYTHING, TO DO WITH OFFICIAL OR EVEN UNOFFICIAL
US GOVERNMENT FEELINGS ON THE MATTER.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 WINNIP 00326 02 OF 02 111928Z

THE FIRST IS A QUESTION OF MARKETING. LARGE INVENTORIES
OF UNUSED POTASH IN CERTAIN ASIAN NATIONS AND A DISAPPOINTING

TWO-PER-CENT INCREASE IN THIS YEAR'S U.S. SALES HAVE LED TO FEARS ABOUT THE FUTURE OF SASKATCHEWAN'S MINES.'

' --- THE SECOND THREAT IS MORE DIFFICULT TO ASSESS. THOMAS ENDERS, THE U.S. AMBASSADOR TO CANADA, ALASTAIR GILLESPIE, CANADA'S INDUSTRY MINISTER, AND COUNTLESS POLITICAL AND INDUSTRY FIGURES HAVE TALKED ABOUT IT.

OPPOSITION LEADER JOE CLARK WAS REFERRING TO IT WHEN HE SPOKE OF THE 'SYMBOLIC SIGNIFICANCE' THE POTASH ISSUE HAD ACQUIRED IN THE U.S.

A U.S. STATE DEPARTMENT OFFICIAL PUT IT THIS WAY: 'YOU EXPECT NATIONALIZATION IN LIBYA OR SOME PLACE IN SOUTH AMERICA. BUT IN CANADA (QUESTION MARK)' IT IS THAT KIND OF GUT REACTION AMONG POTENTIAL INVESTORS WHICH MAY BE THE MOST DANGEROUS THREAT OF ALL. IT'S AN UNREASONING THING AND IT DOESN'T CALM DOWN MUCH EVEN WHEN PREMIER ALLAN BLAKENEY MAKES HIS ARGUMENTS THAT POTASH WAS AN ISOLATED CASE OF A GOVERNMENT'S NEED TO TAKE TOUGH ACTION AND THAT THE GOVERNMENT'S STATUTORY EXPROPRIATION PROCEDURE FALLS WELL WITHIN INTERNATIONAL STANDARDS. EVEN IF EXPROPRIATION IS NEVER USED, THERE WILL BE SUSPICION. FOR EXAMPLE, ONE U.S. OFFICIAL SAID RECENTLY HIS COUNTRY HAS NO OBJECTION TO A FREELY-NEGOTIATED PURCHASE OF A U.S. COMPANY AS LONG AS THE PRICE IS 'NOT MERELY ACQUIESCED IN BECAUSE THE ALTERNATIVE IS EXPROPRIATION.'

3. COMMENT: IT WOULD APPEAR THAT FOREGOING DOES NOT DRAW ON MATERIAL FURNISHED TO MR HARRISON BY EMBASSY (REFTELS). HUTSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, POLICIES, POTASSIUM, FERTILIZERS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976WINNIP00326
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760309-0645
From: WINNIPEG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760862/aaaaccfw.tel
Line Count: 202
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2004 by ReddocGW>; APPROVED <05 JAN 2005 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SASKATCHEWAN POTASH: EDITORIAL COMMENT
TAGS: EMIN, EINV, CA, UR, US
To: OTTAWA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006